Country Activity Plan

Strategy Statement for Bolivia 1997–1998

May 1997

Partnerships for Health Reform

PHR

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Strategy Statement for Bolivia 1997–1998

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Acronyms

CA	Cooperating Agency
CAP	Country Activity Plan
CCH	Community Child Health Project
CIDA	Canadian International Development Assistance
DDM	Data for Decision Making
FIS	Social Investment Fund
IDB	Inter-American Development Bank
HSPH	Harvard School of Public Health
LOE	level of effort
MOH	Ministry of Health
NGO	Non-Governmental Organization
NHA	National Health Accounts
ODA	Overseas Development Agency
OECD	Organization for Economic Cooperation and Development
PAHO	Pan American Health Organization
PHR	Partnerships for Health Reform Project
PROCOSI	An Association of 10 private sector non-profit NGOs
SNS	Secretaria Nacional de Salud (National Health System)
USAID	United States Agency for International Development
WHO	World Health Organization

1.0 Executive Summary

Over the past year, PHR has worked with USAID/La Paz, counterpart organizations, the Global and LAC Regional Bureaus, and other Cooperating Agencies (CAs) and international organizations to develop a series of interventions which are within the mandate of PHR, support the Intermediate Results Framework of USAID/La Paz, the Global and Regional Bureaus, and are considered priority and timely by all concerned. The overall Country Activity Program (CAP) presently includes 6 components, each of which will typically have more than one significant activity over the time period covered by this CAP, approximately two years.

The various activities are designed to be complementary and support USAID's Intermediate Result of achieving a decentralized and participative health system in Bolivia. Each will contribute to the design and implementation of such a system which includes both the public and private sectors. The eventual objective is to provide full access to a basic package of health services to all Bolivians through a variety of health delivery and financing mechanisms. Among the specific goals of PHR is increase the amount of resources available for the health sector, particularly for operational expenses; and to make the most cost-effective use of those resources. During the process of implementation, local Health Directorates at the municipal level will take on more and more responsibility for the actual planning and implementation of health systems within their jurisdiction, with normative and technical support from the Secretariat of Health and the Departmental Prefectures.

The proposed components and activities include:

Field Support Funding:

- Support to the Executing Unit of the Health Reform Project, the coordinating agency for public sector health reform.
  - Local Advisor in Health Services Cost, who would also provide additional support for other PHR activities.
  - Short term international assistance in health reform policy and costing (2 months in 1997).
- Possible evaluation of the financial impact of the Mother Child Insurance Program. Other activities may follow.
- Continued support to the private health care system financed by USAID, PROSALUD, including:
  - Finishing the responses required to secure PROSALUD's endowment.
  - Helping to establish the mechanisms for managing the endowment.
  - Helping to establish monitoring systems which will permit close tracking to insure the move toward financial sustainability.
  - Revision of financial projections.
  - Feasibility of the direct importation of pharmaceuticals

LAC Regional Bureau Funding through the LAC Health Reform Initiative:

- Implementation and testing of a regional methodology for acquiring National Health Accounts. This is part of a regional activity implemented jointly with PAHO as part of the LAC Regional Initiative.

- Other Activities related to the LAC Regional Initiative, probably including:

  - A comprehensive case study on **decentralization** to be carried out by the Data for Decision Making Project, currently planned to include both Chile and Bolivia, and scheduled to begin in the spring of 1997.
  - An assessment on the feasibility of connecting various persons and institutions throughout the region through Internet.
  - Support to sub-regional reform groups, in particular, the Andean Sub-regional Health Reform Group.
  - Inter-country observations visits to examine health care reform models.

Funding through the Global Bureau:

- MotherCare Cost-Effectiveness Study

  - A comparative study of the costs of different intervention packages developed and scheduled for implementation by the MotherCare Project in five health districts. This is part of a joint activity by the two projects.

  - Assistance with analyzing results of the baseline household data related to patient spending and sources for maternity care services.

  - Validation of the WHO Mother-Baby package costing spreadsheet.

Resources for these components and activities will be complemented by a combination of other sources, including other CAs and international agencies such as the World Bank and PAHO.

Note that this CAP is subject to revision, particularly in light of changing priorities of USAID/La Paz, the political environment, and budget.

2.0 Introduction and Methodology

USAID has had an active program in the health area for more than 20 years, and is currently developing a program around its Results Framework covering all its activities in health and population. Soon after it's inception in October, 1995, Partnerships for Health Reform (PHR) initiated discussions with it's partners, the local Mission, counterparts, other CAs, the Global and LAC Regional Bureaus, and other donors related to how it could best support the objectives envisioned in the Results Framework. During the intervening period several initial activities in both the public and private sectors were undertaken at the request of the Mission which have helped to further define future activities. Those discussions and preliminary work have now helped formulate this CAP which attempts to describe a coherent package of activities to be undertaken in Bolivia during the next two years by PHR.

This plan is considered a "work-in-progress", subject to modification in accordance with Mission objectives and requests, budget, and the external environment. Nevertheless, it describes in general terms how this relatively complex series of activities relate to one another and to the rest of the Bolivian context.

3.0 Background

3.1 The Health Situation

Bolivia is one of the poorest countries in South America with a GNP per capita of $920 in 1995. It's mid-1996 population is estimated at 7.6 millions, of which about 60% are considered urban. Much of the rural population lives in extreme poverty and is very dispersed. It is estimated that about 70% of all households fail to meet what are considered to be an acceptable standard of living in terms of housing, health, education, and basic sanitation. A summary of basic data on health status, utilization, and resources is found in *Table 1*.

Infant mortality of children under 1 year has been reduced from 99 per 1,000 live births in the period 1984-89 to 75 in the period 1989 to 1994.[1] Nevertheless, these numbers are deceiving as there are considerable differences between Departments, and particularly in rural populations, the rate may be considerably higher.

During the same periods, maternal mortality dropped insignificantly from 416 per 100,000 births to 390. Again, the more serious problem is to be found in the rural areas where the current rate is about 563 as opposed to 262 for the urban population.[2]

The epidemiological profile of the country is characterized principally by the traditional set of diseases which affect most third world countries: a high incidence of upper respiratory infections, intestinal parasites, and nutritional deficiencies. Vector transmitted diseases affect 75% of the country, the most important being malaria and Chagas. Tuberculosis is an important problem in many areas, and perinatal mortality is pervasive.

Health system coverage is poor. It is estimated that the public sector (Secretaria Nacional de Salud and Seguridad Social) attends only 44% of the population. The private sector, primarily through NGOs is estimated to cover about 23% of the population; traditional healers, about 12% (25% of the rural population). 10% of the population is self-treating through family, friends, and pharmacies; and about 11% of the population has no recourse to services whatsoever.[3] Equity is a serious problem, with barriers to services including physical access, cultural sensitivity, and economic accessibility.

Table 1: Selected Health-Related Statistics for Bolivia

[1] Encuesta Nacional de Demografía y Salud, 1994, Instituto Nacional de Estadística and Demographic and Health Surveys (DHS)

[2] Ibid.

[3] Censo Nacional de Población y Vivienda, 1992.

General:	
Population Size (mid 1996 estimate) (b)	7.6 millions
Population Growth Rate (a)	2.1%
GNP per capita (1994) (a)	US$650
Health Status Indicators:	
Infant Mortality Rate per 1,000 live births (1992) (b)	75
Child (< five) Mortality Rate per 1,000 live births (1992) (b)	116
Life expectancy at birth (years) (1994) (b)	60
Total Fertility Rate (1992) (b)	4.8
Health Services Utilization Data:	
Percentage of births delivered in health facility (1992) (b)	42.3%
Percentage of pregnant women receiving any pre-natal care (1992) (b)	46.5%
Percentage of Children 12-23 months fully immunized (b): Overall Urban Rural	 36.6% 44.4% 28.4%
Health Resources:	
Government per capita expenditure on health (1995) (c)	US$11
Percent of central government budget allocated to health (1994) (c)	9%
Population per physician (1997) (d)	±2,000
Population per nurse (1997) (d)	±4,000
Hospital beds per 1,000 population (1993)	1.5

Sources:

a: World Development Report 1993, *Investing in Health*, World Bank
b: Bolivia Demographic and Health Survey, 1994
c: "Gasto Nacional y Financiamiento del Sector Salud en Bolivia", UDAPSO, 1995.
d: Estimate based on data from sources a and c.

3.2 The Government's Health Reform Agenda

During the past three years, the Government of Bolivia has been engaged in a process of reform and decentralization in the social sectors, and in the health sector in particular. During this period some very important steps have been taken which are likely to continue after the entry of a newly- elected government in August, 1997 since they are enacted as laws. They are:

1. The *Popular Participation Law* (LPP) provides a per capita payment from the Central Government to each of the 311 municipalities to be used principally for 'investments' in health, education, roads, sports, and community irrigation projects. The current law requires that at least 30% of those funds be allocated to 'social services' such as health and education. Existing social service infrastructure was also transferred to the municipalities which are now responsible for their physical maintenance. Finally, the law mandates the creation of community boards to govern health. The boards are made up of representation of the local municipality, the Secretariat of Health, and local consumer groups (called OTB's).

This law is a serious attempt at decentralization, and while it is not focused on health per se, it is one of the more innovative mechanisms toward achieving health reform in Latin America. It is stated in fairly general terms, and its actual implementation is still being adapted to the context of each municipality.

2. The *Administrative Decentralization Law* transfers some technical and administrative authority to the Departmental and Municipal levels. Among other things, this law has resulted in the transfer of a significant number of personnel from the Central Level of the Secretaria Nacional de Salud (SNS) to the 9 Departmental Governments.

3. The *Bolivian Health System Model* describes the functions and attributes of health service delivery for the Central Level (SNS), the Departmental Level (DIDES), and the Municipal Level (DILOS). This is an adaptation of the existing system to fit within the framework of the two laws previously mentioned. It represents an important step toward moving the SNS toward a more normative and regulatory role, leaving operational responsibilities at the other levels.

Mother Child Insurance Program

A further step was taken in July, 1996, with the introduction of a Mother Child Insurance Program under which a series of critical services for mothers and children would be provided free-of-charge at the point of service throughout the public sector. It is not yet applied to the private sector. It's dual purpose is to take fuller advantage of unused capacity in the public sector in an effort to reduce maternal and child mortality by eliminating economic barriers. Institutions operating in each municipality are reimbursed according to a standard schedule for variable costs of providing specific services. These reimbursements are paid for through special accounts into which municipalities deposit a small percentage of the funds they receive under the LPP (currently about 3%). This mechanism provides one of the few ways municipalities can access LPP funds for operating expenses.

Preliminary evidence suggests that the intended coverage of this program is less than anticipated, and that the reimbursement schedules may not be covering the full variable costs of all procedures, particularly in tertiary hospitals. A comprehensive evaluation of the program is

planned, although will be delayed until after elections on June 1, 1997.[4] Meanwhile, the Government is attempting to establish this program by law prior to the end of its term of office.

Health Reform Project Executing Unit

Much work remains to be done in terms of implementing these various reform strategies, as well as expanding coverage. In an effort to coordinate and focus those activities, the Ministry of Human Development[5] has created a "Health Reform Project Executing Unit" for that purpose. This Group will be responsible for organizing and overseeing a large number of health reform efforts, in the context of other advisory groups from the government, the general population, and the donor community. It is currently staffed by a Director and Administrator funded by the World Bank, a government health economist, an additional advisory staff member financed by UNICEF, two staff members financed by PAHO, and an additional position funded by the Canadians. It is seeking additional donor support to expand its technical and managerial capabilities, including from USAID.

The World Bank has indicated its interest in supporting health reform, and, with funds from the ODA and the Japanese, will finance a series of preliminary studies to examine implementation of the aforementioned laws and policies. In the longer term, it may provide funds to help expand coverage through significant expansion of the Social Investment Fund (FIS).

3.3 Private Sector

Because of the gaps in the public health sector coverage (as well as a history of political instability – now ended), the private health sector has developed to provide a considerable amount of coverage. This sector is divided into two parts, private physicians and hospitals serving primarily the wealthier urban population; and a large group of Non-Governmental Organizations (NGOs) serving at least 15% of the population.

[4] An evaluation protocol proposed by the DDM Project has tentatively been accepted by the Sub-Secretariat for Medical Insurance. That protocol focuses on the impact of the Insurance Program on coverage, epidemiology, and programmatic variables. It does not touch on the financial issues which it suggests that PHR undertake.

[5] Note that the Ministry of Human Development forms a "super-Ministry" which includes the Secretariats of Health, Education, and other social services. The Secretariat of Health, in turn, currently has two Sub-Secretariats: Health and Medical Insurance.

4.0 USAID's Health Sector Activities[6]

The development hypothesis for USAID/La Paz's Health Results Framework (RF) is:

The health of the Bolivian population will improve if: 1) Bolivian women, men and adolescents engage in healthful child survival and reproductive and sexual health practices; 2) quality of health care services is improved; 3) communities, municipalities, departments and NGOs increase coverage; and 4) the GOB implements a decentralized and participatory national health system.

PHR's CAP is intended to support two Primary Intermediate Results (IR) and several related Secondary Intermediate Results:

Intermediate Result 2:	Improved Quality and Increased Coverage of Community Health Care (Provided/Established) by Local Governments and NGOs.
IR 2.2	Improved Capacity of NGOs, Communities, Municipalities, and Departments to Plan, Finance, Administer, and Sustain Culturally Acceptable Health Care Services.
Intermediate Result 3:	A decentralized and participatory health system.
IR 3.1	A strengthened system of planning and evaluation of health at the municipal level;
IR 3.2	Increased options for the provision of care at the municipal level.
IR 3.3	Improvement in the assignment of health resources of the prefectures (DIDES) to the municipalities;
IR 3.4	Strengthening of the normative and coordinating capacity of the National Health System (SNS).

The following briefly describes those projects and activities which are most closely related to the PHR proposed activities. There are other activities, but they are somewhat peripheral to PHR's general range of activities.

4.1 PROSALUD

In 1983, as a response to a cessation of US assistance to the GOB resulting from a military coup, USAID created a private non-profit health care delivery system called PROSALUD in Santa Cruz. The early experiments as an HMO serving a primarily rural population were unsuccessful, but the system was consolidated in 1985 to served middle and low-income urban and

[6] This section summarizes USAID's present and past activities in the health sector. For a more complete description, see USAID/La Paz, Health Strategic Objective Team, Results Package Paper for intermediate Result 3 (IR 3) within the Health Results Framework, September 19, 1996 (draft); and other documents related to the Health Strategic Objective Results Framework.

peri-urban population. Since that time, PROSALUD has expanded through various projects to La Paz/El Alto, and other cities of Bolivia, and currently provides cost-effective, good quality primary care services to about 300,000 people through 28 health centers. Several more centers will be added by the time the current expansion project terminates in 1998. PROSALUD also serves as a distribution mechanism for USAID's large family planning program, and is considered to be one of the pre-eminent health care delivery models in the world today.

In 1996, USAID/La Paz announced its intentions to terminate its assistance to PROSALUD. While PROSALUD has clearly demonstrated its ability to achieve a high level of cost-recovery, it is not yet financially self-sustaining. USAID has therefore proposed to create an endowment and has engaged PHR to help PROSALUD achieve full sustainability. This will be discussed in more detail in *Section 6.1.3*.

PROSALUD is considered to support IR 2, specifically through IR 2.2.

4.2 San Gabriel Foundation

USAID provides support to San Gabriel which is small private health care delivery NGO, not unlike PROSALUD in its objectives. It presently consists of a small hospital in La Paz and 9 small outlying clinics. While it charges for services as a private institution, it is also directly responsible for the public health service delivery in its district, and is therefore subject to the laws and regulations governing the public sector.

San Gabriel is considered to support IR 2, specifically through IR 2.2, and IR 3, principally through IR 3.2.

4.3 PROCOSI

PROCOSI is a network of about 10 private sector non-profit NGOs with other affiliates (including PROSALUD) which are delivering health services in Bolivia. It receives some financial support from USAID through distribution of funds generated by an endowment created for this purpose.

PROCOSI is considered to support IR 2, and IR 3.

4.4 Community Child Health (CCH) Project

The purpose of this project which has been on-going for several years is to improve the institutional capacity of the SNS by reinforcing health care delivery activities in specific districts; and testing new methodologies which can then be applied elsewhere. It has also tended to serve as a platform for complementary activities of other centralized projects such as BASICS, DDM, and LAC HNS. It is USAID primary operational link with the SNS, and supports IR 3 at all levels of the system.

4.5 Initiatives for Health Reform

This is a small coordinating office focusing on advocating financial reform in the health sector and dissemination. It was originally established effectively as the local office for the LAC HNS project, and is currently budgeted through the CCH Project. It is staffed by a local coordinator and a secretary. Its mandate includes the provision of local support to PHR in the same way as it formerly did for the LAC HNS Project. This consists of establishing meetings and contacts, providing political insight and guidance, background documentation, secretarial support, office space, and preparation and follow-up to visits and on-going work.

It supports primarily IR 3.4.

4.6 Data for Decision-Making (DDM)

This on-going centrally funded project has supported the health reform effort over the last several years in two principal ways. Assistance has been provided through the Research Triangle Institute (RTI) for development of SNS information systems. And parallel to that, the Harvard School of Public Health has supported the initial efforts at developing data related to National Health Accounts, and other health reform-related activities. It is currently slated to carry out an evaluation of the impact of the Mother Child Insurance Program.

Depending on the activity, this project supports all of the IR 3 sub-results.

4.7 MotherCare

MotherCare as a centrally-funded project has had on-going activities in Bolivia for a number of years. It has recently developed a series of perinatal and obstetrics protocols and has begun testing them in 5 Districts. It's activities supports IR 3.1.

4.8 Latin America and Caribbean Health and Nutrition Sustainability Project (LAC HNS)

While this centrally funded project terminated at the end of 1995, it is mentioned because PHR has essentially inherited much of its original mandate and scope of work which in terms of the Bolivia country program focused on health reform and financial sustainability. Three major studies were carried out under this project which are relevant to this CAP. They were a series of cost and quality studies carried out in the La Paz Children's Hospital; a Decentralization study which is currently serving as a model for various aspects of the health reform effort; and an activity which was begun, but not finished to increase cost-recovery in hospitals and reduce costs. The ready acceptance of the PHR project by counterparts was established under this project.

These activities supported IR 3, and particularly IR 3.1 and IR 3.4.

4.9 LAC Regional Health Reform Initiative

This is a regional project carried out jointly by PHR, DDM, and PAHO which is funded by the USAID LAC Regional Bureau. It is mentioned as several of the activities within the PHR CAP are proposed to be funded from this source. It is just getting started, but will initiate activities in Bolivia with support to develop National Health Accounts.

4.10 Other Related Activities

A number of other related activities are either on-going or potential, carried out by other CAs. These include BASICS, Pathfinder, the Policy Project, and the Quality Assurance Project among others. PHR does and will continue to coordinate closely with these Projects and activities, although we do not envision direct partnerships at this time.

5.0 Activities of Other Donors

There is a wide range of donors operating in the health sector in Bolivia, particularly when the NGO community is considered. However, this section will be limited to a brief discussion of the activities of the principal donors which relate to the PHR CAP. It is by no means an inventory of programs of those donors, nor is necessarily up-to-date with regard to their on-going and planned activities. PHR has, however, met with each of the donors on numerous occasions, and has well established links and coordination to the donor community both in Bolivia and with their home offices, primarily in Washington.

5.1 Pan American Health Organization (PAHO)

PAHO's local office, supported by regional advisors has provided considerable technical assistance to the GOB in the area of health reform. Specifically, they provide on-going technical advice to the SNS and the Health Reform Group; and have been involved in the creation and implementation of the Mother Child Insurance Program. They also initiated the implementation of the SIG, a cost-accounting system, in the country's hospitals.

PAHO is supporting the health reform effort by funding two positions to work as part of the Executing Unit of the Reform Project.

As mentioned above, PAHO also works closely with PHR in relation to the implementation of the LAC Regional Health Reform Initiative.

5.2 The Inter-American Development Bank (IDB)

The IDB has financed an on-going project quite similar to the CCH project, PSF which works in a number of rural Districts. One of the principal thrusts of this projects has been the development of models of administrative reform for the operation of the SNS health sector. The present project is coming to an end, but may be extended or assistance modified for the future.

5.3 The World Bank

The World Bank has financed yet another project similar to CCH and PSF, entitled PCF. This project has included similar elements to the other two, and in addition, has provided funds for building health centers.

More recently, the World Bank has entered more directly into the health reform process through direct financial and technical support to the Health Reform Group. Approximately $1.2 millions has been earmarked for studies related to health reform, in part to plan for future large-scale assistance, much of which may be for the expansion of coverage through construction of new health centers. The Director and Administrative Director of the Executing Unit of the Reform Project are paid by the World Bank.

5.4 UNICEF

UNICEF has been involved in decentralization activities for a number of years in several Districts, principally in the southern part of the country. More recently it has been directly involved with the development of the Mother Child Insurance Program, and supports a long-term policy advisor working in the Executing Unit of the Reform Project.

5.5 Canadian International Development Assistance (CIDA)

CIDA is providing some support to the Chagas Program, and is intending to fund a project directly related and supporting the health reform group. A long-term Canadian advisor will develop the terms of reference for that project during the first half of 1997, and will participate as a member of the Executing Unit of the Reform Project.

6.0 Proposed PHR Activities

PHR proposes to carry out a variety of inter-related and complementary activities, each supporting USAID's Intermediate Result of achieving a decentralized and participative health system in Bolivia. Each will contribute to the design and implementation of such a system which includes both the public and private sectors. The eventual objective is to provide full access to a basic package of health services to all Bolivians through a variety of health delivery and financing mechanisms. Among the specific goals of PHR is to increase the amount of resources available for the health sector, particularly for operational expenses; and to make the most cost-effective use of those resources. During the process of implementation, local Health Directorates at the municipal level will assume more responsibility for the actual planning and implementation of health systems within their jurisdiction, with normative and technical support from the Secretariat of Health and the Departmental Prefectures.

Graphic 1 describes the various components of the proposed PHR CAP and their relationship to one another. It may be observed that all components and their specific activities bear either a direct or indirect relation to the overall efforts toward health sector reform currently underway in Bolivia. Each will improve information available in order that decisions related to health reform and decentralized health services may be well considered and as rational as possible within the Bolivian context.

This wide range of activities is made possible by taking full advantage of a series of funding opportunities from a variety of sources including: field support funds; the LAC Regional Bureau; and the Global Bureau. It is also made possible through active collaboration with other partners, such as other CAs and donor agencies. It's proposed plan of activities also attempts to respond to the immediate needs of both the USAID Bolivian Mission and counterparts, and in general, attempts to build on prior and/or on-going activities. A summary of these activities can be found in *Table 2*.

In this section we will consider each of these components, and identify as precisely as possible those activities identified as part of the PHR CAP. With a better understanding of what those components are perceived to be, and how they relate to each other and other activities, we will return to examine how they contribute toward achieving USAID's Result Package for the Health Sector. The components are presented in three groups representing their respective sources of funding.

Graphic 1

Proposed PHR Bolivia Activities

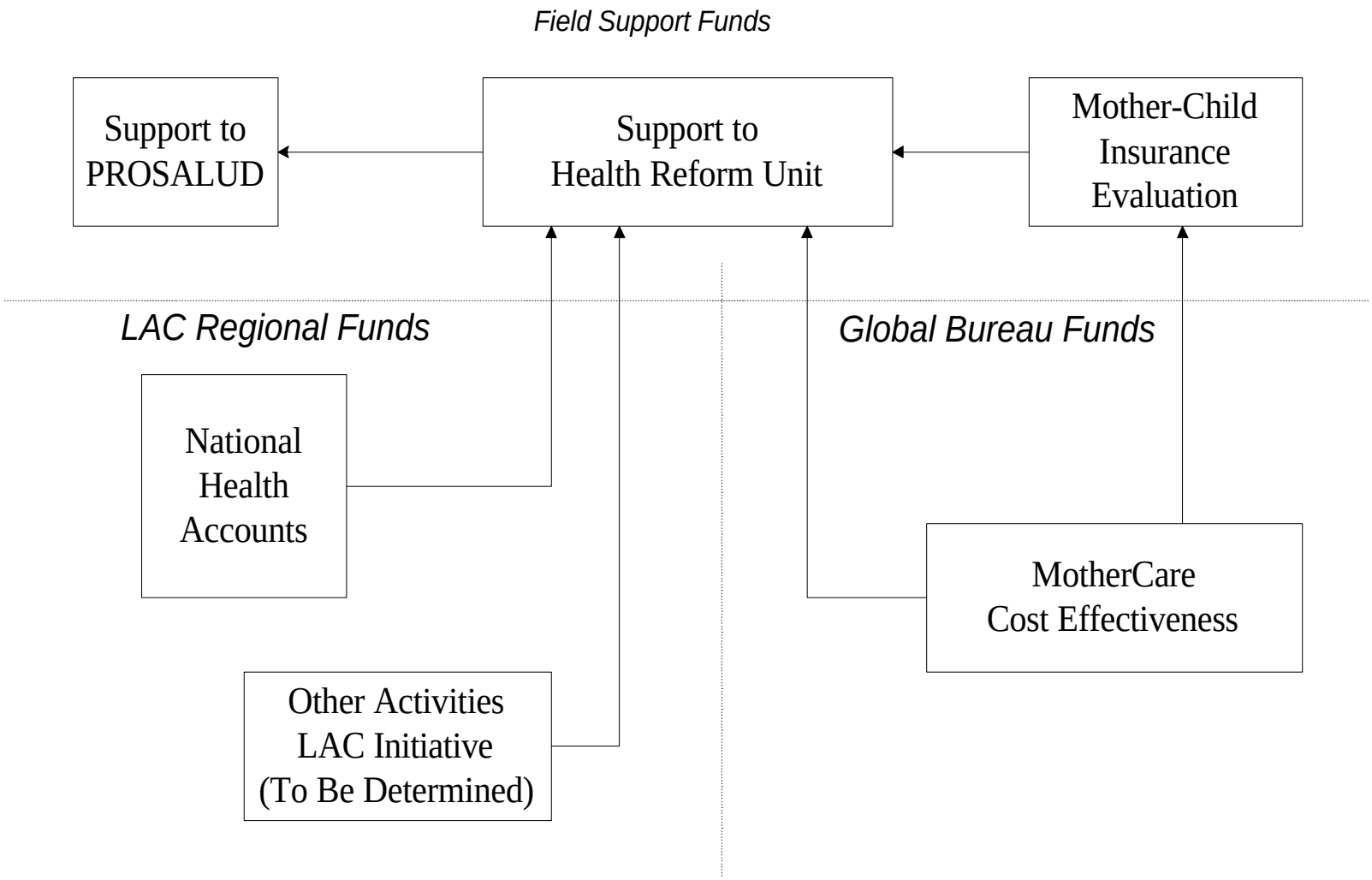

***Table 2*: Proposed PHR Activities with USAID/La Paz and Other Partners**
Summary of Objectives, Results, Activities, Performance Indicators, and Target Dates

Activities	Performance Indicators	Target Date for Completion	Partners
OBJECTIVE 3 - IMPROVED HEALTH OF THE BOLIVIAN POPULATION *Strengthen the national capacity to design, implement, monitor, and make necessary changes to health care financing policies in the context of decentralization reforms.*			
Result 2.2 - Improved Capacity of NGO's, Communities, Municipalities, & Departments to Plan, Finance, Administer, & Sustain Culturally Acceptable Health Care Service			
1. PROSALUD Endowment planning and management.	1.1 PROSALUD's Endowment request approved. Endowment grows at least as well as projected (for schedule see Endowment proposal)	June, 1997 (Approval)	PHR PROSALUD
2. Long-range financial planning for PROSALUD	1.2 PROSALUD moves steadily toward financial sustainability, Showing 60% overall sustainability at the end of 1997; and 70% overall sustainability at the end of 1998.	On-going	PHR PROSALUD
3. PROSALUD feasibility study for importing pharmaceuticals directly	1.3 Study completed. Assuming positive, system put into place and functioning.	Study completed Dec. 97	PHR PROSALUD
Result 3.0 - A decentralized and participative health system			
Result 3.1 - A strengthened system of planning and evaluation of health at the municipal level.			
1. Study of the cost of replicating MotherCare's intervention package in other districts in Bolivia	1.1 Study Completed	Dec, 1997	PHR MotherCare SNS
2. Assistance with analyzing the results of the baseline household data related to patient spending and sources for maternity care services.	2.1 Analysis Completed	Aug, 1997	PHR MotherCare
3. Validation of the WHO Mother-Baby Package costing spreadsheet model	3.1 Model improved and successfully utilized to obtain costs of interventions	Nov, 1997	PHR MotherCare WHO

Activities	Performance Indicators	Target Date for Completion	Partners
Results 3.2 - Increased options for the provision of care at the municipal level			
1. Case study on decentralization	2.1 Case study completed.	Dec. 97	PHR DDM SNS
Results 3.4 - Strengthening of the normative and coordinating capacity of the National Health System (SNS)			
1. Evaluation of the financial impact of the Mother-Child Insurance Program	4.1 Evaluation Completed	Dec, 1997	PHR DDM SNS
2. Application of the Mother Baby Spreadsheet Model to other Districts to better determine costs	4.2 Utilization of the model to determine costs in districts outside the MotherCare districts	June, 1998	PHR WHO SNS
3. Refinements to the administrative systems of the Mother-Child Insurance Program (to be determined)	4.3 Refinements designed and implemented	June, 1998	PHR DDM SNS
4. Estimation of National Health Accounts	4.4 National Health Accounts estimated	June, 1998	PHR PAHO SNS
5. Technical Assistance for Health Reform Policy and Analysis to the Health Reform Executing Unit	4.5 Specific Indicators to be determined upon definition of specific activities..	On-going	PHR Health Reform Group USAID World Bank PAHO Other Donors

6.1 Field Support Funds

6.1.1 Health Reform Project Executing Unit

The Health Reform Project Executive Unit (UEP) is responsible for coordinating activities related to health reform in Bolivia, and for preparing the way for the development and implementation of an Investment Project to be financed by the World Bank and other international cooperation agencies. The Health Reform Project will serve as the foundation for health reform initiatives in Bolivia, implemented primarily by the SNS.

The Unit is currently staffed by a Director and Administrative Director who are paid by the World Bank, a government economist, a policy advisor financed by UNICEF, a macro economist and a public health specialist funded by PAHO, a reform specialist funded by the Canadians, and a part-time legal government advisor. The Unit is also seeking to incorporate additional technical support through USAID.[7]

The responsibilities of the Unit in general are still being defined, but the responsibilities of the proposed cost system advisor are quite well defined.[8] Furthermore, the World Bank has provided funding to carry out a number of preliminary studies to help establish the future health reform agenda. To this end, the Unit will contract local and foreign teams to carry out the work, but will be responsible for designing the studies, establishing terms of reference, supervising the work, perhaps participating as part of the team, and synthesizing the findings to create the future health reform agenda. Given the up-coming elections, the main thrust of the Unit's work in the coming months will undoubtedly be to prepare policy options for the in-coming government.

While the World Bank is providing much of the impetus of this Unit, the Government is particularly eager to have the participation of other donor agencies within the Unit itself and as advisors to the Unit. To this end, PHR Technical Officer, John Holley, participated in the work of the Unit on several occasions, often in collaboration with advisors from PAHO, the World Bank, and UNICEF. The Unit is eager to have such collaboration continue, in part, to avoid dependency on any single donor agency, and to create a forum in which all interested agencies can collaborate.

6.1.1.1 PHR Support to the Health Reform Project Executing Unit

It is clear from *Graphic 1* that the contributions from each of the other PHR CAP components eventually are channeled to the Health Reform Project Executing Unit as the coordinating agency for all of these efforts. Furthermore, the health reform efforts will definitely impact on the private sector as well as the public sector. It is worth mentioning that the two initial Directors and the Policy Advisor of the Unit were the technical persons responsible for creating the Mother Child Insurance Program, and the economist of the Unit supported by PAHO was the person most knowledgeable in terms of National Health Accounts, and will act as the principal local counterpart for that activity (see Section 6.2.1 below). A new Director of the Unit has recently been named, but will undoubtedly be replaced with the change of government scheduled for August, 1997.

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[7] Terms of reference for a Health Systems Costing Advisor were drawn up and agreed upon, but given the likely change in policy with the new Government, the terms of reference will be reviewed and revised when the new Government takes office.

[8] Formerly an employee of UDAPSO, a social policy analysis unit which worked as a counterpart to DDM's efforts to gather National Health Accounts information.

USAID/La Paz would like to support this key Unit in order to participate and contribute to the health reform process in coordination with other donors. PHR proposes to do that in two ways:

1. Continue to provide occasion short-term international assistance on policy and operational aspects of the Unit. (See Section 6.1.1.2 for a description of possible activities.)

2. Provide a local staff person to work approximately 80% directly as part of the Reform Unit. The contracting of this person will be postponed until after the entry of the new government, in order to insure that the terms of reference and selection of the person are appropriate to the policies of that government.

6.1.1.2 Short Term Technical Assistance to the Health Reform Project Executing Unit

In addition to the work of local advisor, PHR has been requested to provide additional short-term international assistance to the Health Reform Project Executing Unit. In the past, this has occurred with the occasional participation of PHR Technical Officer, John Holley, in planning the work of the Unit and participation in forums to discuss health reform policy in Bolivia. Such activities are likely to continue, but PHR anticipates that most future support will be directly complementary to the work of the local PHR Advisor.

Approximately two person-months of international assistance are earmarked for this purpose during 1997, but could be expanded should USAID/La Paz and the Bolivian Government deem it appropriate and useful.

6.1.2 Mother Child Insurance Program

As mentioned above, one of the key elements of the current Government's program for health reform is the Mother Child Insurance Program. This is a new and untested program, and USAID is very interested in assessing its sustainability. Other donors such as PAHO and UNICEF have been very involved in its implementation. In addition to assisting the GOB with its public sector health reform effort, USAID\Bolivia's interest in this program also stems from the program's effects or potential effects on the private sector in which it has a considerable long-term interest and investment.

The objective of further assistance by PHR in this area is to respond rapidly to the urgent need to refine the Program and assist it become sustainable without committing a vast amount resources in the long run. This caveat is due to the fact that the Program is new, and is experiencing some problems. It currently has no legal basis, but the Government is rushing to establish it in law prior to the change of Government. Prior to making a extensive commitment to the Programing terms of resources, PHR's policy will be to help it toward sustainability, while waiting for the stance of the in-coming government, scheduled to take office in August, 1997.

As an initial effort toward supporting this program, USAID\Bolivia offered to the Program the services of Dr. Julia Walsh of the DDM Project and PHR Technical Officer, Mr. John Holley, both with extensive experience in the Bolivian environment. Dr. Walsh preliminarily examined several aspects of the Program, is working with the Program to improve data collection, and has proposed a comprehensive evaluation of the Program specifically focusing on issues such as its impact on morbidity and mortality, coverage, quality of care, and the impact on the private sector.

She has indicated in that proposal that PHR might contribute in the area of financial impact of the Program. The Mission is currently discussing the scope and timing of this study with counterparts. It is likely that this evaluation will be carried out in the second half of 1997.

Several other short-term requests for assistance have been made of PHR by the Sub-Secretariat of Medical Insurance, but these requests are considered inappropriate at this time.[9]

6.1.2.1 Future Activities in Relation to the Sub-Secretariat of Medical Insurance

Future long-run activities in direct support of the Mother Child Insurance Program will depend on the continuation of the Program by the new Government. Nevertheless, assuming the availability of funding from USAID, several general areas of further support are readily identifiable:

- Participation with the DDM Project in the comprehensive evaluation noted above.
- Assistance to define and implement further refinements of the existing system, particularly in terms of its incentive structure, financing and administration.
- Analysis of the feasibility of expanding the coverage of the package to additional Mother Child Interventions or geographical areas.

Participation in any or all of these activities will depend on the evolution of the Program, the policies and priorities of the new Government with respect to this Program and health reform in general, the objectives of the USAID Mission, and the availability of funding.

PHR's objectives in this area are to assist the Government in understanding the financial impact of this program in terms of both the sustainability of the Program itself, as well as the impact on the health service delivery units. PHR's participation should result in adjustments to the Program, particularly related to reimbursable costs and administrative procedures.

This activity supports IR 3.3 Improvement in the assignment of health resources of the prefectures (DIDES) to the municipalities;

6.1.3 PROSALUD

Early in 1996, PHR was requested by USAID/La Paz to help determine the feasibility and utility of establishing an endowment for PROSALUD. PHR provided several months of

[9] They include:

- Overall improvements to the pharmaceutical logistics system. (This is beyond the capability of PHR at this time.)
- Development of an administrative system to facilitate transfers of funds related to insurance between municipalities. (The most obvious solution to this problem is to register source of patient origin in the information system which is currently being modified by the Secretariat of Health with assistance from the DDM Project.)
- Estimates on the probability of extreme birth complications which could put the Insurance program in jeopardy. (Such an analysis entails either spending a lot of time digging through medical histories; or using estimates developed from other countries. The latter seems more cost-effective.)

assistance by Technical Officer, John Holley, and the assignment immediately broadened as it became evident that the endowment was simply part of a more comprehensive package which would allow PROSALUD to achieve full financial sustainability and independence.

Together with PROSALUD staff, Mr. Holley created a relatively sophisticated computer model which provided a financial portrait and projections for the organization over a ten year period. The initial results suggested that without serious strategic changes, PROSALUD would run into financial difficulties within five years, and that an endowment would not be sufficient to resolve the short-fall. Various strategic options were then explored until a series of policy changes were determined. Those strategic and organizational changes were then presented to PROSALUD's managerial staff in a special workshop in May, and implementation began immediately. Mr. Holley also attended the annual PROSALUD planning retreat which was used to solidify the changes, and move toward the 'new' PROSALUD. Simultaneously, a proposal was made for an endowment, that proposal reviewed, and further refinements are still being made.

6.1.3.1 Future Activities Related to PROSALUD

PHR proposes to provide approximately 2 person-months of technical assistance during 1997 toward consolidating the change program put underway in 1996. Specific activities identified and requested in PROSALUD's annual planning meeting include:

- Finishing the responses required to secure PROSALUD's endowment.
- Helping to establish the mechanisms for managing the endowment.
- Helping to establishing monitoring systems which will permit close tracking to insure the move toward financial sustainability.
- Revision of financial projections.
- Helping to determine the feasibility of a new system for importing pharmaceuticals for use in PROSALUD clinics and direct sales.

PHR anticipates that these activities not only support USAID/La Paz's effort to create a self-sustaining health delivery NGO, but that many of the lessons learned and tools developed will prove invaluable as models for developing similar systems elsewhere in the world. This approach directly supports PHR's Special Initiative on NGO Sustainability.

It is likely that a similar plan of action will evolve for 1998, and that similar assistance and LOE will be required. Funding in all cases will be provided through Field Support Funds. These activities support IR 2.0 and IR 2.2

6.2 LAC Bureau Funds

6.2.1 National Health Accounts (NHA)

6.2.1.1 Background

At the present time, policy-makers in LAC countries must often make major decisions about strategies, the allocation of financial and human resources, regulation of the private sector, and other issues based on an incomplete and distorted picture of current health sector financing and activities. Information on private sector financing and services is particularly deficient.

6.2.1.2 NHA Bolivia

With LAC Bureau support and in coordination with PAHO, a PHR team will work with counterparts from five Latin American countries first to develop a common accounting and data collection framework, and then to pilot test it to produce National Health Accounts (NHA) for their countries. Analyses of these data will facilitate comparative studies among countries. PHR will work in partnership with and provide training and technical assistance to groups in each participating LAC country. PHR expects to carry out this activity in close collaboration with a regional institution with experience on NHA and which can also help to disseminate results and methodology throughout the region. HSPH software to facilitate the preparation of NHA (developed earlier with USAID assistance under DDM) will be translated into Spanish, refined, tested, and made available to others.

Bolivia will be included as one of the countries. Participants from Bolivia also attended a NHA workshop in April, at which time specific plan of action was developed.

This activity will provide more accurate data on resources and financing in both the public and private health sectors. Such data should prove useful to Bolivian decision-makers attempting to achieve an increased and more equitable distribution of those resources. It will also contribute to the development of the tools and mechanisms required to develop and maintain NHA.

This activity will directly support Intermediate Result 3:

A decentralized and participatory health system principally through IR 3.4:

Strengthening of the normative and coordinating capacity of the National Health System (SNS).

6.2.2 Other Activities of the LAC Initiative

The LAC Initiative is just getting under way in collaboration with PAHO, and has several components in addition to National Health Accounts which are likely to contribute to USAID's support to health reform in Bolivia. They include:

- A comprehensive case study on **decentralization** to be carried out by DDM, currently planned to include both Chile and Bolivia, and scheduled to begin in the spring of 1997.
- An assessment on the feasibility of connecting various persons and institutions throughout the region through Internet.
- Support to sub-regional reform groups, in particular, the Andean Sub-regional Health Reform Group.
- Inter-country observations visits to examine health care reform models.

The specific activities are yet to be defined, but could clearly involve Bolivia and PHR's CAP. They most probably will support various aspects of IR 3, and will complement and amplify the other efforts in decentralization and health reform.

This activity will directly support Intermediate Result 3:

Stronger political support and development of tools and the national level for a more efficient implementation of a decentralized and participatory health system.

6.3 Global Bureau Funding

6.3.1 Global Initiative to Strengthen Maternal & Reproductive Health Services

In an effort to promote sustainable delivery of effective maternal and reproductive health services, PHR has developed an initiative on costs, cost-effectiveness, and sustainability of maternal and reproductive health services. Activities under this initiative will also be used to help improve management of maternal and reproductive health programs and service delivery. Ultimately, it is expected that these cost and sustainability analyses will be used to assist maternal and reproductive heath services in offering a higher quality of care that is more efficient and more financially sustainable.

PHR will work with MotherCare, WHO's Division of Reproductive Health, and a number of other collaborating institutions to implement this initiative in three countries – Bolivia, Indonesia, and Uganda. Other countries may eventually be included in this effort. In addition to these country level efforts, PHR will provide global leadership on the costs and effectiveness of maternal and reproductive health programs by developing tools for measuring costs and effectiveness, making cross-country comparisons of findings of analyses, and collaborating with others doing work in the field.

A specific scope of work for the joint PHR/MotherCare activities in Bolivia was developed between PHR and MotherCare/Washington in August and September 1996 (Ref. document dated Sept. 17, 1996) and was shared with the MotherCare Bolivia team when they were in Washington in mid-October for their TAG meeting. The MotherCare Bolivia team reviewed the Scope of Work, agreed to it in general, and requested that PHR discuss the scope in detail with them in Bolivia as soon as possible.

Initial discussions between MotherCare Bolivia and a PHR team yielded a detailed plan of activities for the next year, as well as indications of activities that would need to continue into FY'97, if MotherCare is extended. Three principal areas of work of work are included in the Plan:

6.3.1.1 A study of the cost of replicating MotherCare's intervention packages in other districts in Bolivia

The MotherCare project is working in five districts in Bolivia to assist the government in improving maternal and neo-natal health and nutrition services. Interventions include: 1) improving the quality of maternity, ante-, peri-, and post-natal care by nurses, nurse auxiliaries, and physicians (general medicine of OB/GYN) through training in life-saving skills and counseling; 2) carrying out community and facility-based education and counseling to increase service access; 3) reducing maternal anemia through iron distribution; and 4) improving national reproductive health policies related to quality and access of care. Protocols for obstetric and neonatal management for health posts, health centers, and district hospitals, developed by MotherCare, have been accepted by the Secretaria Nacional de Salud (SNS) as national norms. MotherCare, in collaboration with the SNS, is in the process of distributing these protocol to all districts in Bolivia as standards of practice.

The results of this work could be critical in terms of convincing additional municipalities to invest in the costs of replicating the interventions in their respective Districts. While PHR initially planned on conducting a comparative study of the cost-effectiveness of different MotherCare interventions packages, a PHR team that visited Bolivia in February 1997 recommended that this activity not be pursued, primarily due to a lack of time between the initiation of all activities (December 1997) and the post-test (May 1998) for the MotherCare interventions to have measurable effects.

Instead, a comprehensive cost analysis of maternal health interventions in the five MotherCare districts will be undertaken. Cost analyses can provide detailed understanding of the program's design, structure, management, and operations, as well as an appreciation of how these different aspects of the program affect its efficiency and effectiveness. Important outcomes of the cost studies will be the unit cost estimated of the program's activities, estimates to the cost of replicating interventions in other districts program to reduce costs and enhance sustainability.

6.3.1.2 Assistance with analyzing results of the baseline household data related to patient spending and sources for maternity care services

As mentioned above, MotherCare has already carried out a baseline survey. PHR will provide assistance to MotherCare/Bolivia with analyzing these data and assessing their implications for people's use of maternity services and a variety of financing policy issues as they affect households and service providers. These baseline data can also be used to suggest any needed modifications for the final household survey, as well as which issues would benefit from more in-depth study to assess demand for maternal and reproductive health care. Such findings will help refine financing and cost recovery policies in both the public and the private sectors.

6.3.1.3 Validation of the WHO Mother-Baby package costing spreadsheet

WHO has approached PHR for assistance in field-testing a computerized software model for determining the costs of Mother-Baby Package interventions. This model was originally developed as a result of the World Bank effort to estimate the relative costs of interventions for the *1983 World Development Report*, but thus far has only been tested in Bangladesh, with less than satisfactory results. It was also used by the MotherCare Bolivia Director in an attempt to estimate the costs of Mother-Baby interventions in the MotherCare Districts.

The PHR team reviewed the model, and made a number of recommendation to WHO for improving it. At the same time, it was agreed that Bolivia would be an ideal setting to test it. Furthermore, and perhaps more important, should the model prove to be useful, it could be applied to a much wider sample in order to better determine the actual costs of those inventions for which variable costs are presently being reimbursed through the MotherChild Insurance Program.

PHR will work with WHO's Division of Reproductive Health and MotherCare/Bolivia to validate the WHO Mother-Baby Package costing spreadsheet at the district level in Bolivia. The WHO Mother-Baby Package costing spreadsheet model was developed to help district level planners obtain rough estimates of the costs of the Mother-Baby Package of services in anticipation of developing a detailed action or implementation plan. These services in general overlap with the package of services which are the focus of MotherCare's efforts. The exercise in Bolivia was designed to include testing the use of the spreadsheet itself, as well as providing WHO with technical assistance on the spreadsheet and its assumptions. The results of the test should be useful to policy makers in Bolivia who are currently working on the Seguro Nacional de Maternidad y Niñez (SNMN) by providing them with information on real costs of these services

(the costs of providing these services according to standard practices in Bolivia), as well as the costs of providing the Mother-Baby Package of services according to treatment protocols. PHR may provide WHO with some comparative information from activity 6.3.1.1 so that they can compare the results of the validation with actual cost data from Bolivia.

6.3.1.4 Activity Plans

The PHR team for carrying out this work has been PHR Technical Officer, Dr. Kathy Krasovec, and Financial Consultant, Dr. John Fiedler. Both have extensive experience in this field as well as complementary skills. Dr. Fiedler will continue this work. He will be supported by PHR Bolivia Team Leader, John Holley and other PHR staff as required. Some of the follow-up would be carried out by the proposed local cost system advisor (see Section 6.1.1.2).

The estimated LOE for this activity by PHR is approximately 6 months of international technical assistance over a period of 2 years; and approximately 4 months of time for a local advisor.

This activity supports several IR's, principally IR 3.1 and IR 3.4:

IR 3.1 A strengthened system of planning and evaluation of health at the municipal level;

IR 3.4 Strengthening of the normative and coordinating capacity of the National Health System (SNS).

7.0 Management Plan

All PHR activities will take place within the strategic results framework of USAID/La Paz. The person directly responsible will be Mr. Paul Ehmer, the HPN Officer, although PHR personnel may be asked to work directly with other USAID/La Paz staff members.

As each of these proposed activities works with a specific counter-part group, there will typically be a lead technical person responsible for that activity. Direct in-country over-sight for all activities and for coordination of activities will be carried out by PHR Technical Officer, John Holley. The PHR Technical Director, Dr. Charlotte Leighton will provide guidance for the planning and implementation of all technical activities, and will review all technical reports and other products.

Additional local administrative support will be provided by the office of Initiatives for Health Reform which is part of the CCH Project. This office will help arrange meetings and seminars, facilitate seminars, provide secretarial services, help with follow-up to activities, and help with local dissemination. While this office is not formally responsible to PHR, a strong collaborative relationship has existed for several years, and will continue to exist.

PHR will also provide support through its home office staff including:

- The PHR Management Team, including the Project Director, Technical Director, Operations Director, and Financial Director.
- An Operations Officer who will be responsible for the day-to-day managing of the home office activities in relation to this CAP, which includes identifying and fielding appropriate staff, etc.
- A Project Assistant who will assist with administrative support such as arranging travel, production of documents, etc.
- A dissemination expert who will provide support in terms of disseminating products resulting from this work.

Note that several of the components require close collaboration with other projects and international agencies. Formal and informal mechanisms for each have already been established and are functioning. In addition, all personnel working on these activities are expected to collaborate actively with all other institutions and individuals participating in the activity.

7.1 Level of Effort & Funding

Table 3 represents an estimated level of effort by months for USAID fiscal year 1997 and 1998. It is divided between International and local Technical Assistance.

***Table 3*: Level of Effort for Proposed PHR Activities**

	1997		**1998**	
Component	**Int'l**	**Local**	**Int'l**	**Local**
Field Support Funds:				
Mother Child Insurance	3	2	3	2
Health Reform Project Executing Unit	2	4	2	6
PROSALUD	2		2	
LAC Health Regional Reform Initiative:				
MotherCare Cost effectiveness	4	2	3	2
National Health Accounts	2	3	1	3
USAID Global Bureau Support:				
Other LAC Regional Activities	2		3	

Table 4 show funding for the various activities will be achieved through a variety of sources. Field support (for which detailed budgets are provided) is estimated to be the following:

***Table 4*: Field Support Funding for PHR Activities**

COMPONENT	FY97	FY98
Mother-Child Insurance Program	55,000	45,000
PROSALUD	50,000	52,000
Health Reform Executing Unit	100,000	130,000
TOTAL	205,000	227,000

It should be noted that these figures are estimates, and that considerable flexibility exists within the total amount budgeted to respond to immediate demands within the general framework of the activities described.

It should also be noted that many of these activities will enjoy the collaboration of other donors, including contribution of additional resources.